

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

Approved by the Regents
September 22, 2006

ACTION REQUEST

Subject: Regental Action Required Under the State of
Michigan Conflict of Interest Statute

Action
Requested: Authorization for the University to Enter into a Purchasing Contract with
CNA Corporation (University of Michigan Employee Gilbert Omenn,
Board Member)

Background:

The University of Michigan's Department of Internal Medicine wishes to enter into a contract with CNA Corporation to provide consulting services for diabetes research. Gilbert Omenn is a Board Member of CNA Corporation. CNA Corporation was chosen to provide this service because they provided the most comprehensive set of deliverables in their bid response.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as Gilbert Omenn is a University employee and would be a party to the contract by virtue of his serving on the Board of Trustees of CNA Corporation. However, the Statute allows University employees to participate in such purchases, if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the contract to the official body which has power to approve the purchase, which disclosure shall be a matter of record in its official proceedings.
- b) The purchase is approved by a vote of not less than 2/3 of the full membership of the approving body in open session without the vote of the public servant making the disclosure.
- c) The official body discloses the following summary information in its official minutes:
 - i) The name of each party involved in the contract.
 - ii) The terms of the purchase, including duration, financial consideration between the parties, facilities or services of the public entity included in the purchase, and the nature and degree of assignment of employees of the public entity for fulfillment of the purchase.

- iii) The nature of any pecuniary interest.

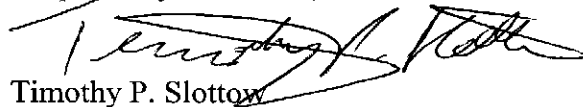
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Department of Internal Medicine, and CNA Corporation.
- ii) The service to be provided is consulting services for diabetes research for a period of two years and a total dollar amount of \$2,084,262.00.
- iii) The pecuniary interest arises from the fact that Gilbert Omenn, a University of Michigan employee, is a Member of the Board of Trustees of CNA Corporation.

Gilbert Omenn has met state law requirements with the disclosure of his pecuniary interest, and his formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable under the Medical School's or OVPR's Conflict of Interest Committee's procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the contract between the University of Michigan and CNA Corporation, subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President & Chief Financial Officer

September 2006